

Full Length Research Paper

Youth unemployment: Entrepreneurship development programme as an intervention mechanism

A. Cyril Awogbenle^{1*} and K. Chijioke Iwuamadi²

¹Africa Leadership Forum (ALF), Ota, Ogun State, Nigeria.

²Institute for Development Studies, University of Nigeria, Enugu Campus, Enugu State, Nigeria.

Accepted 19 April, 2011

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. Regrettably, problems of unemployment as experienced by the educated youths and even the uneducated but skilled youths have become more pathetic in many developing economies, despite the neo-liberal strategies in addressing the issue of enhancing human capital. The aim of this paper is therefore to examine the constraints that impede young people in search of non-existing jobs and the urgent need to orient people of these affected economies particularly Nigerians on imbibing self-employment and entrepreneurship through vocational and entrepreneurial training programmes as a short-term intervention mechanism.

Key words: Entrepreneurship, unemployment, youth.

BACKGROUND

Youth development and empowerment are vital stages in life for building the human capital that allows young people to avoid poverty and lead better, and possibly have a more fulfilling life. The human capital formed in youth is thus an important determinant of long term growth that a nation can invest on. Hence, making sure that youths are well prepared for their future is enormously important to the course of poverty reduction and growth. Africa is a continent with a massive population of young people. More than half of Africa's population is aged less than 21 years and two-thirds less than 30 years. In all African countries, the median age of the population is 20 years or less, that is, half or more of the population are under 21 years of age and up to one fifth

between 15 and 24. Countries vary considerably in their definition of youth and childhood. The UN considers individuals under the age group of 15 – 24 as youths. In Uganda, for example, youth is from 12 to 30 years, while in Nigeria, it is between 18 and 35 years (ILO publication, 2005). In general, over 200 million Africans are now officially designated as youths (that is, aged 15 to 24). This group makes up 40% of Africa's working age population, unfortunately 60% are unemployed. Despite the yearly increase in the number of children attending school and those completing tertiary education (Longe Report, 1992), millions of the young people face bleak employment opportunities.

According to the ILO (ILO publication, 2007), the increase in the number of youths in secondary and tertiary education is a positive development; however, labour markets in many countries are presently unable to accommodate the expanding pool of the skilled young graduates. It is estimated that about 400 million new jobs would be needed to absorb today's youths. Due to this decline in jobs and the rise in the number of those unemployed, young people are forced in the informal sector.

*Corresponding author. E-mail: ayodejicyril@yahoo.com, iwuamadik@yahoo.com. Tel: +234-803-780-1303.

Abbreviation: EDP, Entrepreneurship development programme.

Factors which readily come to mind when analysing the worsened unemployment crises in Nigeria are usually traced to the long period of instability in the socio-economic and political dimensions that led to the problems imposed on the economy, the nation and the workers.

THE ROOT CAUSES AND CONSEQUENCES OF YOUTH UNEMPLOYMENT

The level of unemployment is a mirror image of the state of a nation's economy. Suffice to also say, youth unemployment is highly dependent on the overall status of the economy. Economic activity, measured by GDP growth, is probably the single factor that most influences the chances of young people finding a job. Low or negative GDP growth, economic recession and low investment are direct causes in the shrinking demand for labour. A direct illustration to this linkage is witnessed in the Nigerian economy in the 1970s, when the country had a per capita income growth rate of over 4%. The government of the day had a boisterous civil service brought about by the growth. When global economic recession set in from 1981 a negative growth was experienced for most of the 1980s and 1990s, with a per capita income growth rate of 2% in 1998 (World Bank, 2001).

This trend brought a significant implication to a proportion of the country's human resources. By the end of the 1980s, the World Bank and the IMF ordered borrowers to downsize their public sector and civil services (ILO Publication, 2005). Nigeria reduced its workforce by 40% in less than two years. Particularly hard hit as a result of the recession are the women and youths, who often have jobs that are vulnerable to economic shocks. As a last resort, the Nigerian informal economy flourished, with jobs such as hawkers, traders, repairers- jobs less likely to grow the economy- now accounting for almost all the new jobs accessible to the young people. Persistence in youth unemployment is a major contribution to losses in human capital (Lawanson, 2007). Human capital meaning practical life skills in the form of unattainable social, political and economic status that defines them as adult. Human capital is proportional to the amount of time an individual has worked. It declines when an individual is unemployed. Perhaps, the greatest challenge on youth unemployment is their use for political and military ends. Deprived of employment opportunity and livelihood, youths are actively mobilized by politicians and armed groups alike. Youth unemployment also has security implications for almost every country in Africa, since desperation often leads young people to fall prey to warlords, criminal gangs, or illegal migration syndicates (UNOWA, 2005). As Argenti

rightly asked 'Where would war makers be without youths?' (Argenti, 2002). The militarization of these young people originates with the idea that youths constitute 'potential': a commodity that can be plundered alongside natural resources and public fund to serve the agenda of warfare.

A research report conducted by 'The Observer' French based global news network published in one of its caption "400 dead: All violence in Nigeria is driven by economics" (<http://observers.france24.com/en/content/>, 2008). IRIN Africa news report also posted a report "NIGERIA: No shortage of Niger Delta youth ready to join militias" (IRIN Africa, 2008). These reports are corroborated by a published empirical survey of Children and Youth in Organised Armed Violence in Nigeria.

The report posits "the disenchantment and frustration of young people, much due to mass poverty and unemployment, has further increased the number of aggrieved youths and resulted in the emergence of 'area boys' and Almajiris who target the very society that alienated them (Ibrahim, 2006) . From the survey further conducted on socio-economic characteristics of armed militants in Nigeria namely Bakassi Boys, O' odua Peoples Congress (OPC) and Egbesu Boys, 40% of the group composition were in the 16 - 17 year-old age group, 10% were in the 18 - 19 year-old age group, 20% in the 20 - 21 year-old age group and a further 20% between the ages of 20 - 23. Approximately 60% of them were unemployed.

YOUTH UNEMPLOYMENT SURVEY IN NIGERIA

Nigeria's unemployment can be grouped into two categories:

- (1) The older unemployed who lost their jobs through retrenchment, redundancy or bankruptcy.
- (2) The younger unemployed, most of who have never tasted what it is to be employed (Oyebade, 2003).

According to statistics from the Manpower Board and the Federal Bureau of Statistics, Nigeria has a youth population of 80 million, representing 60% of the total population of the country. 64 million of them unemployed, while 1.6 million are under-employed. The 1990 - 2000 data on youth unemployment showed that the largest group of the unemployed are the secondary school graduates. There are also 40% unemployment rate among urban youth aged 20 - 24 and a 31% rate among those aged 15 - 19. Two-third of the urban unemployed ranges from 15 - 24 years old. Moreover, the educated unemployed tended to be young males with few dependents. There are relatively few secondary school graduates and the lowered job expectations of primary- school graduates. There

is no consistent trend of unemployment rates in Nigeria. An increase in one or two years is sometimes followed by a decline in the subsequent years. Table 1 shows the average annual rates of unemployment for the year 1990 - 2004 by rural-urban place of residence.

A published report from Punch editorial of June 10, 2003 referred to a report by the National Poverty Eradication Programme (NAPEP) in 2001 saying that the universities and other tertiary institutions in the country produce an average of 120,000 graduates each year while another 500,000 school leavers or college graduates are turned out each year, without the hope of any job. Although NAPEP admitted that the figures were not available on the actual number of the unemployed, the agency said that 50% of the unemployed is assumed to be youths (The Punch Newspaper, 2003).

ATTEMPTS AT CURBING YOUTH UNEMPLOYMENT

Skills acquisition and employment generation have remained a focal point in the Nigerian Government policy. Between 1986 and now, various administrations' initiatives to promote self-dependence and self-reliance in the generation of gainful self-employment have been profound. Starting with the acquisition of vocational skills, it is believed that the education system operated since the post-independence placed emphasis on academic excellence rather than skill acquisition which can prepare the individual for a more useful and fulfilling life within the society. Vocational skills acquisition it is believed would be more relevant to the development of the nation. Hence, a new national policy on education was promulgated in 1977, introducing vocational courses in the educational curriculum.

The ineffectiveness of the vocational courses in the school curriculum to address youth unemployment which assumed alarming proportion, prompted the Federal Government to set up the Chukwuma Committee on 26 March, 1986 (Omoruyi and Osunde, 2004). The report of the Committee led to the creation of the National Directorate of Employment in November 1986 and charged with the responsibility of promoting skills acquisition; facilitate the spirit of creativity, self-reliance and independence. To this day, vocational skills' training is receiving greater attention as many centres have been established.

However, the National Economic Empowerment and Development Strategies (NEEDS) document 2004 claimed that many of the responses to poverty reduction appeared to be ad-hoc, uncoordinated and more or less fire-brigade (NEEDS document, 2004). A chronicle of about 28 projects and programmes with poverty reduction thrust has been undertaken from 1975 - 2001.

Table 1. National Unemployment Rates, Nigeria (1990-2004).

Year	Urban	Rural	Composite
1990	5.73	2.85	3.38
1991	5.18	3.20	3.58
1992	4.83	2.98	3.50
1993	4.03	3.23	3.37
1994	3.03	1.83	1.95
1995	3.35	1.60	1.90
1996	5.90	3.40	3.80
1997	3.80	2.40	2.60
1998	5.50	3.50	3.90
1999	10.8	15.1	13.7
2000	14.2	19.8	18.1
2001	10.3	15.1	13.7
2002	9.5	13.3	12.2
2003	17.1	13.8	14.8
2004	11.0	12.1	11.8

Source: Federal Office of Statistics (FOS).

Programmes such as Community Bank, DFRRRI, National Directorate of Employment (NDE), People's bank, Better Life for Rural Women, Family Support Programme were some of such projects aimed at addressing various manifestations of poverty. The NEEDS document concluded that "while none of these programmes were completely without merits, the truth is that they did not have a significant, lasting and sustainable positive effect".

The Nigerian Living Standard Survey (NLSS, 2004; www.nigerianstat.gov.ng/nlss/, 2006) also buttressed the arguments on the NEEDS document from its data on poverty incidence in Nigeria. "NLSS estimates poverty incidence in Nigeria at around 54%. This means that about 75 million Nigerians live in poverty. Of these, 22 million or so are thought to be 'core poor'. A recent Risk and Vulnerability Analysis in Nigeria (RVA, 2003) estimated the vulnerability headcount at almost 90%. In addition to these broad indications of the extreme poverty and vulnerability challenge in Nigeria, the health and education Millennium Development Goals indicators, specifically, are very poor."

To add to the current dilemma is the world unemployment rate said to rise in 2008/2009 as the global economy slows down with signs that it is heading towards recession (www.chinadaily.com.cn/world/, 2008). This in turn means that without rapid economic growth to sustain the nascent democratic gains, unemployment situations will be grimmer; more youths will become unemployed with varying consequences to national security. Rather than accept youth unemployment as a curse to be

endured, a globally shared framework of action for poverty reduction, wealth creation, employment generation and value re-orientation was discovered as a positive way out. Youth entrepreneurship is a youth development strategy that has become increasingly popular in recent years. Skills associated with entrepreneurship includes the ability to take initiative and creatively seek out and identify opportunities; develop budgets, project resource needs and potential income; communicate effectively and market oneself and one's ideas.

THE ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (EDP) AS AN INTERVENTION MECHANISM

Employment is the life line of any economy. "Human development will definitely be grossly undermined and impaired without employment" (NEEDS document, 2004). How soon Nigeria sets to address the problems of mass unemployment, low productivity, high inflation and poverty to a large extent depends on how speedily it is able to develop the millions of its labour force into a knowledgeable and skilled people needed for the required change.

The world in the 21st century is witnessing a wave of entrepreneurship happening with more and more people looking for self-empowerment and business ownership. The role of governments and big businesses as a provider of jobs is shrinking and people are looking to empower themselves in other ways.

The Entrepreneurship Development Programme, as an urgent mechanism to youth unemployment is specifically designed for the Nigerian youths, informing them about the world of business and opportunities to create their own businesses. The EDP provides youths with insights into entrepreneurship and enterprise; it aims to help them realistically consider the options of starting a small business or of self-employment.

The following sums up a number of reasons for the importance of promoting youth entrepreneurship:

1. Creating employment opportunities for self-employed youth as well as the other young people they employ.
2. Bringing alienated and marginalized youths back into the economic mainstream and giving them a sense of meaning and belonging.
3. Helping to address some of the socio-psychological problems and delinquency that arise from joblessness.
4. Helping youths develop new skills and experiences that can then be applied to other challenges in life.
5. Promoting innovation and resilience in youth.
6. Promoting the revitalisation of the local communities by providing valuable goods and services.
7. Capitalising on the fact that young entrepreneurs may

be particularly responsive to new economic opportunities and trends.

The EDP as a short term approach to the unemployment crises is to cater for the out-of-school youth and the ever-increasing number of jobless graduates. In the long run it will bring desired result of growth and development. The EDP seeks to move youth entrepreneurship into the mainstream of the economy with growth oriented and sustainable businesses.

As an active learning entrepreneurship institute, the EDP is designed for new entrepreneurs, introducing them to basic elements of starting and managing a new business; the EDP creates training tools focused on the ways to improve performances and productivity of businesses, to encourage aspiring entrepreneurs to explore more deeply about their business ideas and in particular, the feasibility of turning a business idea into a profitable venture. The EDP believes that not everybody is an entrepreneur, but there is a bit of entrepreneurship in everyone. This just has to be identified, nurtured and developed and then sees where it takes you.

The under-listed are some of the core activities of the Entrepreneurship Development Centre, Lagos, Nigeria. The intensive learning and training schemes of 4 weeks for graduates, 8 weeks for non-graduates and the 1 week managerial enhance training are tailored to maximally give practical and demonstrable skills which are productivity targeted. The EDP is an institute guided by curriculum-based learning. The basic teaching and learning methods adopted at the EDP are such that could enhance capacity building and develop competencies. The EDP has as part of its goal is to see many of the trained youths have access to start-up loans which would help jump start small business across the country. The EDP also has a monitoring unit to constantly check on its impact across the nation. Constant checks are being carried out on numbers of businesses created and employment generated from time to time.

Challenges of the EDP

Enterprise education is hinged around three critical areas of development:

Enterprise education: involving the creation of programmes, seminars and trainings that provide the values and basics of starting and running a business. This also guides youth through the development of a bankable business plan.

Experiential programmes: which provide youth with placement and experience in the day to day operation of

a business. In other words, it involves the development of a youth-run business that young people participating in the programme work in and manage.

Enterprise development: is a third and the most critical. This states the supports and services that incubate and help develop their own businesses. It goes beyond entrepreneurship education by helping youth to access small loans that are needed to begin business operation and by providing more individualised attention to the development of a viable business idea.

The implementation of effective youth development programme cannot be fulfilled without finding support fund for the trainees. This is predicated on the fact that “empowerment is not complete without a corresponding adequate funding provision for the trained manpower. The greatest challenge still remains financial intermediation. Trainees keep raising the concern about the practicability of the post-training activities. Majority have doubt about the availability of funding and the possibility of having access to fund to finance businesses.

If the bottom-line of creating the entrepreneurship development centres in the country is to reduce poverty, then there is need to ensure that soft loans are accessible by the people within a reasonable time frame.

To this end, the creation of the micro-finance banks all over the federation is to buttress the preparedness of EDP creator to serve the purposes of the micro-lenders into whose group the youths fall. This however, leads to other emerging questions: Is there any evidence that the Micro-finance banks have impacted poverty in Nigeria? If so, are they society-wide? Can the poorest benefit from the loans? Are the interest rates charged on loans encouraging enough for start-up businesses?

These and many more questions bothering on enterprise culture and development would be better postponed for further research.

REFERENCES

- Argenti N (2002). Youth in Africa: a major resource of Change, p. 145, Young Africa: Realising the Rights of Children and Youth. Africa World Press. <http://observers.france24.com/en/content/20081202-400-dead-all-violence-nigeria-driven-economics-jos-christian-muslim-clashes>
- Ibrahim M (2006). (CDD) Empirical Survey of Children and Youth in Organised Violence in Nigeria <http://www.coav.org.br/publique/media/Report%20Nigeria.pdf>.
- ILO publication (2005). Youth: Pathway to Decent Work – (defining youth).
- ILO publication (2007). Youth in Crisis; Coming of Age in the 21st Century.
- IRIN Africa (2008). <http://www.irinnews.org/Report.aspx?ReportId=76521>
- Lawanson OI (2007). High Rate of Unemployment in Nigeria: The Consequence on Human Resource Management; A paper delivered in Rome, Italy.
- NEEDS (2004). Document, p. 100
- Omoruyi FEO, Osunde AU (2004). Evaluating the Effectiveness of the National Youth Employment and Vocational Skill Acquisition Programme in Midwestern Nigeria. www.iiz-dvv.de/index.
- Oyebade SA (2003). Education and Unemployment of Youths in Nigeria: Causes, Impacts and Suggestions see NEEDS (2004). Document, p. 94.
- The Longe Report (1992). in the NISER data on the actual high level manpower supply.
- The Punch Newspaper (2003). Editorial; Rising youth unemployment. p. 16.
- UNOWA (2005). Youth Unemployment and Regional Insecurity in West Africa, UNOWA issue Papers. www.chinadaily.com.cn/world/2008-01/24/content_6418435.htm
- www.nigerianstat.gov.ng/nlss/2006/survey0/welcome.html